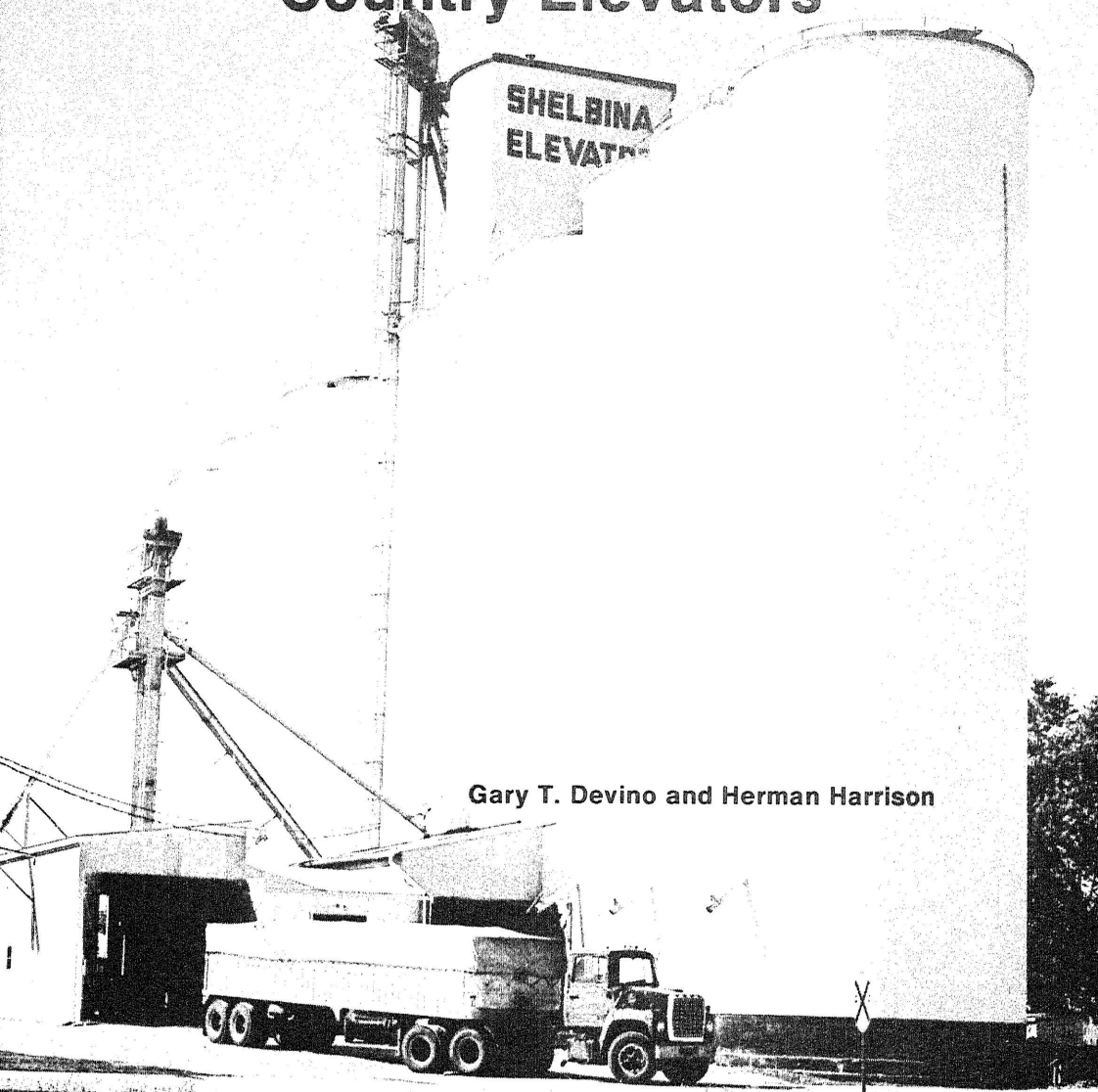


A Financial Planning Model for Country Elevators



Gary T. Devino and Herman Harrison

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Gary T. Devino and Herman Harrison*

As business firms become larger and the complexity of the environment within which they operate increases, planning becomes a more and more important function for management. The firms pass the point where institution and guesswork can provide a framework to identify where they are going and how they will get there.

Development of plans for a business can be as simple or as complex a process as a manager wishes. The manager can identify a single plan of action requiring a limited amount of analysis. Alternatively, a number of "what if" possibilities may be evaluated which may require development of work papers. While the latter procedure may be more desirable, it is also more time consuming and costly. Unless a manager is willing to spend a substantial amount of time, it would be better to limit the choices to a few alternatives.

With the use of a computerized program it is possible both to minimize time requirements for planning and to evaluate the effect of a number of alternative courses of action. The purpose of this report is to describe a model which extension personnel may use in assisting managers of country elevators in their planning function.**

Organization of the Model

A computerized model was developed to allow identification of financial conditions which would be expected to result from alternative courses of action. An overview of the model is presented in Exhibit 1. Use of the model requires:

- (1) Data from the firm's accounts for the period just prior to the planning period.
- (2) Projections for expected changes in selected accounts for the planning period.
- (3) Identification of limits for selected financial ratios.

From this information the program generates pro-forma financial statements for each year of a five year planning period. By changing input data for projections and limits (numbers 2 and 3 above), the program's user can project results from any number of alternative plans.

The operations of the model are centered around separate analysis for each of six enterprise areas: grain, feed, fertilizer, seed, farm supplies, and other items. The user of the model can use any or all of these centers.

The model has the advantage of being flexible in the level of detail necessary for use. Options available allow the following choices:

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**The program was developed as part of the University of Missouri's contribution to NC-104 Systems Analysis in Grain Marketing. The model is written in Fortran IV and is available through the Department of Agricultural Economics, University of Missouri-Columbia.

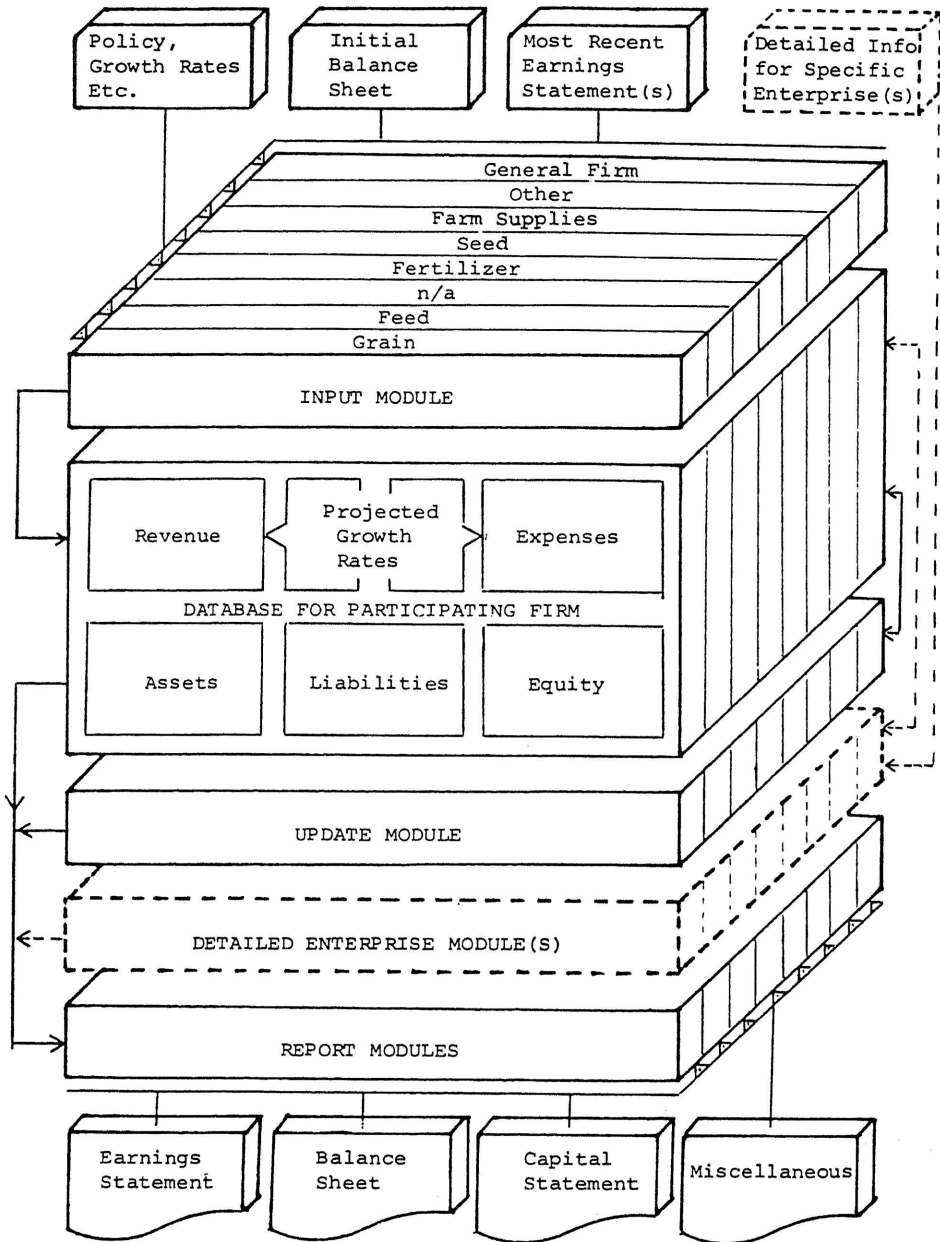


Exhibit 1. COMPUTERIZED FINANCIAL PLANNING MODEL FOR COUNTRY ELEVATORS
AN OVERVIEW OF THE SOFTWARE PACKAGE

- (1) The firm can be treated as a unit with all revenue and expenses being treated as common to the firm.
- (2) Gross margins may be identified for each enterprise area with all expenses treated as common to the firm.
- (3) Net margins may be identified for each enterprise area with all expenses associated directly with the operation of that enterprise assigned to the enterprise.

Data Characteristics and Input Requirements

Firm Information

The first portion of required data is used to identify the operation of the entire firm, Exhibit 2:

Legal Business Structure of Firm (0100)†

The analysis is designed with the capability to handle any of the common forms of legal structure: Proprietorship, Partnership, Subchapter S Corporation, Regular Corporation, Cooperative.

Minimum Cash Balance on Hand at End of Year (0200)

The minimum level of cash which this business is expected to need in meeting its cash obligations is identified.

Accounts Receivable Turnover (Times per Year) (0300)

Accounts receivable turnover measures the rate at which credit sales are turned into cash. It is defined as:

$$\frac{\text{credit sales per year}}{\text{accounts receivable}}$$

The higher this value the greater the firm's ability to meet its cash needs from internal sources.

Planned Investment in Property, Plant and Equipment (0500-0900)

All anticipated investments in plant and equipment are identified. These include both replacement and additions to capacity. If constant replacement is assumed, depreciation expense is treated as a constant.

Accounts Payable Turnover (Times per Year) (1000)

The rates at which purchases are identified by accounts receivable turnover. It is defined as:

$$\frac{\text{purchases}}{\text{accounts payable}}$$

The lower this value, the greater is the firm's reliance on outside sources of funds.

Anticipated Short Term Interest Rate (1100)

At the end of each simulated year all cash uses and all cash sources are summarized. When cash uses exceed cash sources, short term borrowing takes place automatically. The cost anticipated if borrowing is necessary is identified.

†Headings and code identifications in this section correspond to headings used in the data input form.

Exhibit 2

10,110,31

Name of Participating Firm

(0100) AGRI-BUSINESS INC
(please center)

10,210,81

Legal Business Structure of Firm*

Management Guidelines for Year

1 2 3 4 5

Minimum Cash Balance on Hand at End of Year

(0100) 2 2 2 2 2
(0200) \$ 15000 \$ 16000 \$ 17000 \$ 18000 \$ 19000

Accounts Receivable Turnover (Times Per Year)

(0300) 5 5 5 5 6

Credit Sales Expressed as Percent of Total Sales

(0400) 90 % 85 % 80 % 85 % 90 %

Planned Investment in Property, Plant and Equipment

Net Cost of the Planned Investment

(0500) \$ 50000 \$ 40000 \$ 10000 \$ 10000 \$ 20000

Net Annual Change in Depreciation Expense

(0600) \$ 5000 \$ 4000 \$ 1000 \$ 1000 \$ 2000

Resulting Amount Eligible for Investment Credit

(0700) \$ 20000 \$ 20000 \$ 10000 \$ 10000 \$ 10000

Years of Usage in Business (Investment Credit)

(0800) 7 yrs 7 yrs 5 yrs 5 yrs 7 yrs

Cash Paid Out at Time of Purchase

(0900) \$ 30000 \$ 20000 \$ 5000 \$ 5000 \$ 10000

Accounts Payable Turnover (Times Per Year)

(1000) 11 11 10 10 10

Anticipated Short Term Interest Rate

(1100) 10 % 9 % 9.5 % 8.5 % 10 %

Maximum Ratio Current Liabilities to Total Assets

(1200) 25 % 26 % 27 % 28 % 29 %

Maximum Ratio Total Liabilities to Total Assets

(1300) 60 % 55 % 50 % 50 % 50 %

* 1 - Proprietorship, Partnership, or Sub-Chapter S; 2 - Corporation; 3 - Cooperative;

Exhibit 2 (Cont.)

		Management Guidelines for Year				
		1	2	3	4	5
Corporate Tax Rate for STATE Income Taxes	(1400)	<u>5 %</u>	<u>5 %</u>	<u>5 %</u>	<u>5 %</u>	<u>5 %</u>
Distribution of Any Net Profit						
Withdrawals, Cash Dividends or Allocations	(1500)	<u>30 %</u>	<u>35 %</u>	<u>35 %</u>	<u>40 %</u>	<u>40 %</u>
Proprietorship, Retained Earnings or Other Equity	(1600)	<u>70 %</u>	<u>65 %</u>	<u>65 %</u>	<u>60 %</u>	<u>60 %</u>
		<u>1 0 0 %</u>	<u>1 0 0 %</u>	<u>1 0 0 %</u>	<u>1 0 0 %</u>	<u>1 0 0 %</u>
Coops Only: Percent of Allocation Made in Cash	(1700)	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Description of NEW Long Term Debt						
Interest Rate	(1800)	<u>9 %</u>	<u>9 %</u>	<u>9.5 %</u>	<u>9.8 %</u>	<u>10 %</u>
Life	(1900)	<u>15 yrs</u>	<u>15 yrs</u>	<u>10 yrs</u>	<u>10 yrs</u>	<u>10 yrs</u>
Loan Type *	(2000)	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>
Detail of EXISTING Long Term Debt						
		Loan Number	Unpaid Balance **	Interest Rate	Remaining Life	Loan Type *
	(2100)	<u>01</u>	<u>\$ 30000</u>	<u>9 %</u>	<u>10 yrs</u>	<u>1</u>
	(2200)	<u>02</u>	<u>\$ 30000</u>	<u>8 %</u>	<u>10 yrs</u>	<u>1</u>
	(2300)	<u>03</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2400)	<u>04</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2500)	<u>05</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2600)	<u>06</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2700)	<u>07</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2800)	<u>08</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(2900)	<u>09</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	
	(3000)	<u>10</u>	<u>\$</u>	<u>%</u>	<u>yrs</u>	

(Describe Each Loan)

* 1 - Installment; 2 - Commercial; 3 - Term; .

** Include the Current Portion of Long Term Debt

Maximum Ratio Current Liabilities to Total Assets (1200)

The limit on the amount of dollars which can be borrowed from short term sources is set by the maximum ratio of current liabilities to total assets which is established for the firm. All short term borrowing is repaid automatically during the year following its incurrence.

Maximum Ratio Total Liabilities to Total Assets (1300)

This term sets the upper limit for all borrowing by the firm. Long term borrowing takes place automatically when more cash is required than can be supplied by internally generated funds and short term borrowing. When all cash requirements are greater than the amount of cash which can be generated by a firm's total borrowing capacity, the analysis is terminated.

Corporated Tax Rate for State Income Taxes (1400)

Income tax computations are conducted for private corporations (except Subchapter S) and for retained earnings held by cooperative cooperations. No calculations are made for the other business forms because tax payment would not be part of the firm's operations. Because state corporation tax rates are not all the same, the level for the state in which the firm being analyzed is located is entered. Federal taxes on corporations are included in the program's computations.

Distribution of Net Profit (1500-1600)

All after tax profits for corporations and cooperatives; and all earnings of proprietorships, partnerships, or Subchapter S corporations are either removed from the business and consequently are a use for cash (1500) or they are left in the business.

Coops Only: Percent of Allocation Made in Cash (1700)

In the case of a cooperative which plans to use allocated equities, the portion of allocations to be distributed as cash are identified.

Description of New Long Term Debt (1800-2000)

Because long term borrowing may be required for any plan, the types of loans and anticipated interest rates are identified. The loan types available are:

1. Installment—the loan is repaid in equal annual payments.
2. Commercial—the loan is repaid with an even annual principal repayment.
3. Term—the loan is repaid with one principal and interest payment.

Repayment on all long term loans starts in the year after the funds are borrowed.

Detail of Existing Long Term Debt (2100-3000)

Each long term loan outstanding at the end of the base period is identified. Yearly principal and interest payments are calculated and made automatically within the model.

Cost Center Information

Separate data input forms are used for each cost center for which margin information is to be developed. When no analysis of individual enterprises is desired, a total sales figure for the firm is used. Forms for cost center data input are illustrated in, Exhibit 3. Data used in Exhibit 3 are for a firm where the only feed enterprise is segregated for detailed analysis.

Sales (0101-0201)

Sales for each year may be (1) entered directly as a dollar figure or (2) generated by the program through the use of data which indicate the percent change from the previous year which is to be projected for each year's sales. Both positive and negative changes may be projected. If an item is not expected to change a 0 is entered.

Gross Margin (0301)

Gross margin for this program is defined as sales minus purchases. It represents the percentage of each sales dollar which is available to cover expenses and contribute to profits.

Purchases (0402)

Purchases are calculated by the program after the base year. The amount of purchases to be made is identified as follows:

Product Required:

Sales (1 - Gross Margin)

Ending Inventory

Less: Product available in beginning inventory

Equals: Purchases

Operating & Service Income (0804)

This category includes revenue received for functions performed by the firm. Adjustments from the base period are projected from percent change data.

Other Income (0905)

This category includes income which the firm receives from investments. Adjustments from the base period are projected from percent change data.

Other Expenses (1006)

This category includes interest expense, income taxes, and loss on the sale of assets. Interest expense and income taxes are computed directly by the program and *should not* be identified after the base period.

Expense Items (1107-1307) (1507-2507)

Expense items for the base year may be entered in any or all of three expense categories. When code 08 (general firm) is being used only base year overhead expenses are identified. When an enterprise is being segregated, expenses associated with that cost center—both direct and indirect—are identified.

For each expense item used in a cost center a projected growth rate from the previous year is identified. Both positive and negative changes may be projected. If an item is not expected to change a 0 is entered.

Depreciation Expense (1407)

When planned investments, item 0500, just offsets yearly depreciation, depreciation expense is held constant. When plant and equipment is being used up faster than it is replaced, depreciation expense will decline. If there is a net increase in depreciable assets used by the firm, the increase in depreciation which is caused by the assets increase is entered earlier as the net annual change in depreciation expense.

Balance Sheet Information

Balance sheet information for the period just prior to the start of the analysis

period is required. Forms for entering this data are illustrated in Exhibit 4. These values are then generated internally by the program for each year of the study.

Computer Printout

Financial results of the analysis are printed for each of the five years simulated. Results for the first year for the data contained in Exhibit 2-4 are presented in Exhibit 5.

Pro-forma statements generated by the program include:

1. An earnings statement for each enterprise and for the firm. The detail level presented depends upon the nature of cost data submitted for the base year.
2. A balance sheet for the firm.
3. An analysis of loans outstanding. The printout includes information on long term debt, interest charges, and the amount of short term debt which is outstanding.
4. An analysis of selected financial ratios for the firm. Liquidity, profitability, solvency, and operating ratios are presented.
5. A funds flow statement. This statement summarizes changes which are expected to occur in the balance sheet accounts during the years which are projected.
6. A capital statement. This statement identifies the additions and withdrawals which are expected to occur in equity accounts.

With these statements the manager can gain an understanding of the implications which a proposed course of action will have on his firm. Alternatives can be evaluated until feasible plans of action are identified.

Exhibit 3

EARNINGS STATEMENT INFORMATION FOR A SPECIFIC COST CENTER

Agri Business Inc
(firm)
1975
(applicable date)

- | | |
|------------------|--------------------|
| 01 - Grain | 05 - Seed |
| 02 - <u>Feed</u> | 06 - Farm Supplies |
| 03 - Other | 07 - Other |
| 04 - Fertilizer | 08 - General Firm |

	code	Base Year	Projected Growth Rate for Year					
			1	2	3	4	5	
Sales - Dollar Value	10,3102	(0101)	\$ 250000	\$	\$	\$	\$	\$
- Growth Factor (+/-)		(0201)	xxxxxxx	or 5%	or 6%	or 7%	or 6%	or 6%
- Gross Margin		(0301)	xxxxxxx	40%	40%	40%	40%	40%
Purchases		(0402)	\$ 170000					
Beginning Inventory		(0503)	\$ 15000	NOTE: To vary the projected growth rate simply code a different value for each time period.				
Ending Inventory - Dollar Value		(0603)	\$ 20000					
- Days Sales		(0703)	xxxxxxx	22 dys	20 dys	20 dys	18 dys	18 dys
Operating & Service Income		(0804)	\$ 2000	5%	5%	5%	5%	5%
Other Income		(0905)	\$ 1500	6%	6%	6%	6%	6%
Other Expenses *		(1006)	\$ 500	%	%	%	%	%

Complete A Separate Input Form for Each Cost Center
* When using code 08 (General Firm) this line is not used

Exhibit 3 (Cont.)

EARNINGS STATEMENT INFORMATION FOR A SPECIFIC COST CENTER

- 01 - Grain
- 02 - Feed
- 03 - Other
- 04 - Fertilizer
- 05 - Seed
- 06 - Farm Supplies
- 07 - Other
- 08 - General Firm

		Operating Expenses for Base Year			Projected Growth Rate for Year				
		Direct	Indirect	Overhead	1	2	3	4	5
	<u>10,402</u>								
Salaries and Wages	(1107) \$ <u>29500</u>	xxxxxxx	xxxxxxx	5 %	5 %	5 %	5 %	5 %	
	(1107) xxxxxxx	\$ <u>3000</u>	xxxxxxx	5 %	5 %	5 %	5 %	5 %	
Payroll Taxes	(1107) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
	(1207) \$ <u>2000</u>	xxxxxxx	xxxxxxx	6 %	4 %	4 %	5 %	6 %	
	(1207) xxxxxxx	\$ <u>200</u>	xxxxxxx	6 %	4 %	4 %	5 %	6 %	
Employee Benefits	(1207) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
	(1307) \$ <u>4000</u>	xxxxxxx	xxxxxxx	3 %	4 %	5 %	5 %	5 %	
	(1307) xxxxxxx	\$ <u>400</u>	xxxxxxx	4 %	4 %	5 %	5 %	4 %	
	(1307) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
Depreciation and Amortization	(1407) \$ <u>20000</u>	xxxxxxx	xxxxxxx	0 %	0 %	0 %	0 %	0 %	
	(1407) xxxxxxx	\$ <u>4000</u>	xxxxxxx	0 %	0 %	0 %	0 %	0 %	
	(1407) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
Rent Expense	(1507) \$	xxxxxxx	xxxxxxx	%	%	%	%	%	
	(1507) xxxxxxx	\$	xxxxxxx	%	%	%	%	%	
	(1507) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
Repairs and Maintenance	(1607) \$ <u>5000</u>	xxxxxxx	xxxxxxx	2 %	3 %	4 %	5 %	5 %	
	(1607) xxxxxxx	\$	xxxxxxx	%	%	%	%	%	
	(1607) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
Insurance	(1707) \$ <u>1000</u>	xxxxxxx	xxxxxxx	2 %	2 %	2 %	2 %	2 %	
	(1707) xxxxxxx	\$	xxxxxxx	%	%	%	%	%	
	(1707) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	
Property and Business Taxes	(1807) \$ <u>4000</u>	xxxxxxx	xxxxxxx	4 %	4 %	5 %	5 %	5 %	
	(1807) xxxxxxx	\$	xxxxxxx	%	%	%	%	%	
	(1807) xxxxxxx	xxxxxxx	\$	%	%	%	%	%	

Exhibit 3 (Cont.)

EARNINGS STATEMENT INFORMATION FOR A SPECIFIC COST CENTER

	Operating Expenses for Base Year			Projected Growth Rate for Year				
	Direct	Indirect	Overhead	1	2	3	4	5
Utilities	(1907) \$ <u>500</u>	xxxxxxx	xxxxxxx	<u>5</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>
	(1907) xxxxxxx	\$	xxxxxxx					
Telephone	(1907) xxxxxxx	xxxxxxx	\$					
	(2007) \$ <u>500</u>	xxxxxxx	xxxxxxx	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Supplies	(2007) xxxxxxx	\$	xxxxxxx					
	(2077) \$ <u>2000</u>	xxxxxxx	xxxxxxx	<u>6</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>8</u>
Advertising Expense	(2107) xxxxxxx	\$	xxxxxxx					
	(2207) \$ <u>2500</u>	xxxxxxx	xxxxxxx	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Professional Services	(2207) xxxxxxx	\$	xxxxxxx					
	(2207) xxxxxxx	xxxxxxx	\$					
Travel and Entertainment	(2307) \$ <u>500</u>	xxxxxxx	xxxxxxx	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>8</u>
	(2307) xxxxxxx	\$	xxxxxxx					
Miscellaneous Expense	(2407) \$	xxxxxxx	xxxxxxx					
	(2407) xxxxxxx	\$	xxxxxxx					
	(2507) \$	xxxxxxx	xxxxxxx					
	(2507) xxxxxxx	\$	xxxxxxx					

Complete A Separate Input Form for Each Cost Center

Exhibit 3 (Cont.)

EARNINGS STATEMENT INFORMATION FOR A SPECIFIC COST CENTER

01 - Grain 05 - Seed
 02 - Feed 06 - Farm Supplies
 03 - n/a 07 - Other
 04 - Fertilizer 08 - General Firm

	Operating Expenses for Base Year			Projected Growth Rate for Year				
	Direct	Indirect	Overhead	1	2	3	4	5
<u>10,410.81</u>								
Salaries and Wages	(1107) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1107) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1107) xxxxxxx	xxxxxxx	\$ 2000	5 %	5 %	4 %	4 %	4 %
Payroll Taxes	(1207) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1207) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1207) xxxxxxx	xxxxxxx	\$ 200	5 %	5 %	4 %	4 %	4 %
Employee Benefits	(1307) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1307) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1307) xxxxxxx	xxxxxxx	\$	%	%	%	%	%
Depreciation and Amortization	(1407) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1407) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1407) xxxxxxx	xxxxxxx	\$ 1000	6 %	6 %	7 %	6 %	6 %
Rent Expense	(1507) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1507) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1507) xxxxxxx	xxxxxxx	\$	%	%	%	%	%
Repairs and Maintenance	(1607) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1607) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1607) xxxxxxx	xxxxxxx	\$	%	%	%	%	%
Insurance	(1707) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1707) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1707) xxxxxxx	xxxxxxx	\$ 500	5 %	4 %	4 %	4 %	4 %
Property and Business Taxes	(1807) \$	xxxxxxx	xxxxxxx	%	%	%	%	%
	(1807) xxxxxxx	\$	xxxxxxx	%	%	%	%	%
	(1807) xxxxxxx	xxxxxxx	\$ 1000	3 %	3 %	3 %	2 %	%

code ↙

Exhibit 3 (Cont.)

EARNINGS STATEMENT INFORMATION FOR A SPECIFIC COST CENTER

	Operating Expenses for Base Year			Projected Growth Rate for Year				
	Direct	Indirect	Overhead	1	2	3	4	5
Utilities	(1907) \$	xxxxxxx	xxxxxxx					
	(1907)	xxxxxxx	\$ xxxxxxx					
Telephone	(1907)	xxxxxxx	\$					
	(2007) \$	xxxxxxx	xxxxxxx					
	(2007)	xxxxxxx	\$ xxxxxxx					
Supplies	(2007)	xxxxxxx	xxxxxxx	5	5	5	5	5
	(2107) \$	xxxxxxx	\$ 300					
	(2107)	xxxxxxx	xxxxxxx					
	(2107)	xxxxxxx	\$					
Advertising Expense	(2207) \$	xxxxxxx	xxxxxxx					
	(2207)	xxxxxxx	\$					
	(2207)	xxxxxxx	xxxxxxx					
Professional Services	(2207)	xxxxxxx	\$ 1000	6	6	7	6	7
	(2307) \$	xxxxxxx	xxxxxxx					
	(2307)	xxxxxxx	\$					
Travel and Entertainment	(2307)	xxxxxxx	\$ 500	2	3	4	4	4
	(2407) \$	xxxxxxx	xxxxxxx					
	(2407)	xxxxxxx	\$					
	(2407)	xxxxxxx	\$					
Miscellaneous Expense	(2507) \$	xxxxxxx	xxxxxxx					
	(2507)	xxxxxxx	\$					
	(2507)	xxxxxxx	xxxxxxx					
	(2507)	xxxxxxx	\$					

Complete A Separate Input Form for Each Cost Center

Exhibit 4

INITIAL BALANCE SHEET INFORMATION

Agri - Business Inc
 (firm)
CLOSE 1975 YEAR
 (applicable date)

10,510,81

CURRENT ASSETS

Cash on Hand (2908) 20000
 Cash in Banks (2908) _____
 Marketable Securities (3008) _____
 Accounts Receivable - Customer (3108) 50000
 - Other (3108) _____
 Notes Receivable (3108) _____
 Finance Notes Receivable (3108) _____
 Allowance for Doubtful Accounts (3208) _____
 Margin Deposits (3108) _____
 Advances Paid on Purchases (3308) 5000
 Accrued Storage Charges (3408) _____
 Inventories (3508) 20000
 Prepaid Insurance (3608) _____
 Rent (3608) _____
 Interest (3608) _____
 Other Prepaid Expenses (3608) _____
 Other Current Assets (3708) _____

CURRENT LIABILITIES

Notes Payable - Banks (4310) 30000
 - Other (4310) _____
 Current Portion Long Term Debt (4310) 4046
 Accounts Payable - Trade (4410) 15000
 - Other (4410) _____
 Outstanding Drafts (4410) _____
 Employee Taxes Withheld (4410) _____
 Taxes Collected -- Sales, etc (4410) _____
 Dividends Payable (4410) _____
 Advances Received for Sales (4510) _____
 Accrued Property Taxes (4610) _____
 Salaries and Wages (4610) _____
 Interest Expense (4610) _____
 Payroll Taxes (4610) _____
 Storage Expenses (4610) _____
 Other Accrued Expenses (4610) _____
 Federal Income Taxes Payable (4710) 4000
 State Income Taxes Payable (4710) _____
 Other Current Liabilities (4810) _____

Exhibit 4 (Cont.)

INITIAL BALANCE SHEET INFORMATION

-----		-----	
LONG TERM ASSETS		LONG TERM LIABILITIES	
-----		-----	
Notes Receivable - Non Current	(3809) _____	Long Term Debt	(4911) <u>55954</u>
Board of Trade Memberships	(3809) _____	Deferred Income Tax	(5011) _____
Land	(3909) <u>10000</u>	Deferred Investment Credit	(5111) _____
Buildings and Elevator Properties	(3909) <u>100000</u>		
Accumulated Depreciation	(4009) <u>30000</u>		
Machinery and Equipment	(3909) <u>50000</u>		
Accumulated Depreciation	(4009) <u>10000</u>		
Autos and Trucks	(3909) <u>20000</u>		
Accumulated Depreciation	(4009) <u>10000</u>		
Office Furniture and Equipment	(3909) <u>500</u>		
Accumulated Depreciation	(4009) <u>400</u>		
Other Property, Plant, and Equipment	(3909) _____		
Accumulated Depreciation	(4009) _____		
Intangibles	(4109) _____		
Other Long Term Assets	(4209) _____		
-----		-----	
		EQUITY	
		Preferred Stock	(5212) _____
		Common Stock	(5312) <u>15000</u>
		Additional Paid-In Capital	(5412) _____
		Retained Earnings	(5512) <u>101100</u>
		Proprietorship	(5612) _____
		Other Equity	(5712) _____
-----		-----	
<u>19,910,81</u>			

EXHIBIT 5, PRINTOUT FOR FINANCIAL PLANNING MODEL FOR COUNTRY ELEVATORS

AG-BUSINESS INC
EARNINGS STATEMENT
YEAR 1

		FEED				
SALES				262500.	95.2	
COST OF GOODS SOLD						
	BEGINNING INVENTORY		20000.		7.6	
	PURCHASES		146993.		56.0	
	TOTAL GOODS AVAILABLE		166993.		63.6	
	LESS ENDING INVENTORY		9493.		3.6	
COST OF GOODS SOLD				157500.	60.0	
GROSS PROFIT ON SALES				105000.	40.0	
OPERATING AND SERVICE INCOME				2100.	0.8	
GROSS PROFIT FOR TOTAL OPERATION				107100.	40.8	
OPERATING EXPENSES		DIRECT	INDIRECT	OVERHEAD	TOTAL	PERCENT
	SALARIES AND WAGES	30975.	7100.	0.	38075.	31.9
	PAYROLL TAXES	2120.	212.	0.	2332.	2.2
	EMPLOYEE BENEFITS	4120.	416.	0.	4536.	4.2
	DEPRECIATION AND AMORTIZATION	20000.	4000.	0.	24000.	22.4
	RENT EXPENSE	0.	0.	0.	0.	0.0
	REPAIRS AND MAINTENANCE	5100.	0.	0.	5100.	4.8
	INSURANCE	1020.	0.	0.	1020.	1.0
	PROPERTY AND BUSINESS TAXES	4160.	0.	0.	4160.	3.9
	UTILITIES	5250.	0.	0.	5250.	4.9
	TELEPHONE	520.	0.	0.	520.	0.5
	SUPPLIES	2160.	0.	0.	2160.	2.0
	ADVERTISING EXPENSE	2625.	0.	0.	2625.	2.5
	PROFESSIONAL SERVICES	530.	0.	0.	530.	0.5
	TRAVEL AND ENTERTAINMENT	0.	0.	0.	0.	0.0
	MISCELLANEOUS EXPENSE	0.	0.	0.	0.	0.0
TOTAL OPERATING EXPENSES		78540.	7778.	0.	86318.	80.6
OPERATING PROFIT					20782.	19.4
OTHER INCOME					1530.	1.5
OTHER EXPENSES					500.	0.5
NET PROFIT					21472.	20.4
AS A PERCENT OF GROSS INCOME						20.2

Exhibit 5(Cont..)

AGRI-BUSINESS INC
EARNINGS STATEMENT
YEAR 1

GENERAL TO FIRM

SALES				0.	0.0
COST OF GOODS SOLD					
BEGINNING INVENTORY				0.	0.0
PURCHASES				0.	0.0
TOTAL GOODS AVAILABLE				0.	0.0
LESS ENDING INVENTORY				0.	0.0
COST OF GOODS SOLD				0.	0.0
GROSS PROFIT ON SALES				0.	0.0
OPERATING AND SERVICE INCOME				0.	0.0
GROSS PROFIT FOR TOTAL OPERATION				0.	0.0
OPERATING EXPENSES	DIRECT	INDIRECT	OVERHEAD	TOTAL	XXXX
SALARIES AND WAGES	0.	0.	2100.	2100.	0.0
PAYROLL TAXES	0.	0.	210.	210.	0.0
EMPLOYEE BENEFITS	0.	0.	0.	0.	0.0
DEPRECIATION AND AMORTIZATION	0.	0.	6000.	6000.	0.0
RENT EXPENSE	0.	0.	0.	0.	0.0
REPAIRS AND MAINTENANCE	0.	0.	0.	0.	0.0
INSURANCE	0.	0.	520.	520.	0.0
PROPERTY AND BUSINESS TAXES	0.	0.	1000.	1000.	0.0
UTILITIES	0.	0.	0.	0.	0.0
TELEPHONE	0.	0.	0.	0.	0.0
SUPPLIES	0.	0.	0.	0.	0.0
ADVERTISING EXPENSE	0.	0.	1000.	1000.	0.0
PROFESSIONAL SERVICES	0.	0.	510.	510.	0.0
TRAVEL AND ENTERTAINMENT	0.	0.	0.	0.	0.0
MISCELLANEOUS EXPENSE	0.	0.	0.	0.	0.0
TOTAL OPERATING EXPENSES	0.	0.	11410.	11410.	0.0
OPERATING PROFIT				-11410.	0.0
OTHER INCOME				0.	0.0
OTHER EXPENSES				-1000.	0.0
NET PROFIT				-12410.	0.0
AS A PERCENT OF GROSS INCOME					0.0

Exhibit 5 (Cont.)

AGRI-BUSINESS INC
EARNINGS STATEMENT
YEAR 1

SALES				262500.	98.2
CCST CF GOODS SOLD					
BEGINNING INVENTORY			27000.		7.6
PURCHASES			146993.		56.0
TOTAL GOODS AVAILABLE			160993.		63.6
LESS ENDING INVENTORY			9493.		3.6
CCST CF GOODS SOLD			157500.		60.0
GROSS PROFIT ON SALES			105000.		40.2
OPERATING AND SERVICE INCOME			2100.		0.8
GROSS PROFIT FOR TOTAL OPERATION			107100.		41.0
OPERATING EXPENSES	DIRECT	INDIRECT	OVERHEAD	TOTAL	PERCENT
SALARIES AND WAGES	30975.	3150.	2100.	36225.	33.8
PAYROLL TAXES	2120.	212.	210.	2542.	2.4
EMPLOYEE BENEFITS	4120.	416.	0.	4536.	4.2
DEPRECIATION AND AMORTIZATION	20000.	4000.	6000.	30000.	28.1
RENT EXPENSE	0.	0.	0.	0.	0.0
REPAIRS AND MAINTENANCE	5100.	0.	0.	5100.	4.8
INSURANCE	1020.	0.	525.	1545.	1.4
PROPERTY AND BUSINESS TAXES	4160.	0.	1030.	5190.	4.8
UTILITIES	5250.	0.	0.	5250.	4.9
TELEPHONE	520.	0.	315.	835.	0.8
SUPPLIES	2120.	0.	0.	2120.	2.0
ADVERTISING EXPENSE	2625.	0.	1060.	3685.	3.4
PROFESSIONAL SERVICES	530.	0.	510.	1040.	1.0
TRAVEL AND ENTERTAINMENT	0.	0.	0.	0.	0.0
MISCELLANEOUS EXPENSE	0.	0.	0.	0.	0.0
TOTAL OPERATING EXPENSES	78540.	7778.	11810.	98128.	51.6
OPERATING PROFIT				8973.	8.4
OTHER INCOME				1550.	1.5
OTHER EXPENSES				8698.	8.1
NET PROFIT				1864.	1.7
AS A PERCENT OF GROSS INCOME					0.7

Exhibit 5 (Cont.)

AGRI-BUSINESS INC
BALANCE SHEET
YEAR 1

CURRENT ASSETS	*****	XXXX	CURRENT LIABILITIES	*****	XXXX
CASH	15000.	0.0	NOTES PAYABLE	24924.	11.0
MARKETABLE SECURITIES	0.	0.0	ACCLNTS PAYABLE	13922.	6.1
RECEIVABLES	47620.	21.0	ADVANCES RECEIVED FOR SALES	0.	0.0
ADVANCES PAID ON PURCHASES	5000.	2.2	ACCURED EXPENSES	0.	0.0
ACCURED STORAGE CHARGES	0.	0.0	INCCM TAXES PAYABLE	25.	0.0
INVENTORIES	9492.	4.2	OTHER CURRENT LIABILITIES	0.	0.0
PREPAID EXPENSES	0.	0.0	TOTAL CURRENT LIABILITIES	38771.	17.1
OTHER CURRENT ASSETS	0.	0.0			
TOTAL CURRENT ASSETS	77121.	33.0			
			LONG TERM LIABILITIES		
LONG TERM ASSETS			LONG TERM DEBT	70894.	31.2
INVESTMENTS AND OTHER ASSETS	0.	0.0	DEFERRED INCOME TAXES	0.	0.0
PROPERTY, PLANT AND EQUIPMENT	150040.	66.1	DEFERRED INVESTMENT CREDIT	0.	0.0
INTANGIBLES	0.	0.0	TOTAL LONG TERM LIABILITIES	70894.	31.2
OTHER LONG TERM ASSETS	0.	0.0			
TOTAL LONG TERM ASSETS	150040.	66.1	EQUITY	117405.	51.7
TOTAL ASSETS	227161.	100.0	TOTAL LIABILITIES AND EQUITY	227161.	100.0

Exhibit 5 (Cont.)

AGRI-BUSINESS INC
 LCAN ANALYSIS
 YEAR 1

LCAN NUMBER	TYPE	LONG TERM DEBT		LIFE	ACCRUED INTEREST	SHORT TERM NOTES PAYABLE
		CURRENT	NON-CURRENT			
1.	INST	2152.	25873.	9.	2522.	
2.	INST	2237.	25853.	9.	2234.	
3.	INST	681.	19319.	15.	1300.	
	ST				1965.	19354.
TOTALS		5070.	70844.		8542.	19854.

AGRI-BUSINESS INC
RATIO ANALYSIS
YEAR 1

LIQUIDITY RATIOS

CURRENT RATIO	2.0
LIQUID RATIO	1.7

SOLVENCY RATIOS

LIABILITIES/ASSETS	0.5
LIABILITIES/EQUITY	0.9
FIXED ASSETS/EQUITY	1.3

PROFITABILITY RATIOS

GROSS RETURN ON SALES	40.0
	0.0
	40.0
	0.0
	0.0
	0.0
	0.0
	0.0
	0.0
	0.0

MISCELLANEOUS RATIOS

AVERAGE INVENTORY TURNOVER	10.7
TOTAL ALL OPERATIONS	10.7
GRAIN	0.0
FEED	10.7
	0.0
FERTILIZER	0.0
SEED	0.0
FARM SUPPLIES	0.0
OTHER	0.0
GENERAL TO FIRM	0.0

NET RETURN ON GROSS INCOME	0.7	AVERAGE COLLECTION PERIOD (DAYS)	73.0
NET RETURN ON ASSETS	0.8	OPERATING EXPENSES/GROSS PROFIT	91.6
NET RETURN ON EQUITY	1.6		

AGRI-BUSINESS INC
FUNDS FLOW STATEMENT
YEAR 1

SOURCES OF FUNDS

DECREASE IN CASH	5000.
DECREASE IN RECEIVABLES	2372.
DECREASE IN INVENTORIES	10507.
INCREASE IN LONG TERM DEBT	14930.
INCREASE IN RETAINED EARNINGS	1305.
TOTAL SOURCES	34114.

USES OF FUNDS

INCREASE IN PROPERTY, PLANT AND EQUIPMENT	19940.
DECREASE IN NOTES PAYABLE	9122.
DECREASE IN ACCOUNTS PAYABLE	1078.
DECREASE IN INCOME TAXES PAYABLE	3975.
TOTAL USES	34115.

AGRI-BUSINESS INC
CAPITAL STATEMENT
YEAR 1

PREVIOUS BALANCE IN EQUITY ACCOUNT(S)	116100.
NET PROFIT DURING PERIOD	1865.
LESS WITHDRAWALS	559.
CASH WITHDRAWALS	0.
DIVIDENDS PAYABLE	559.
ALLOCATIONS PAYABLE	0.
NET ADJUSTMENT TO EQUITY ACCOUNT(S)	1305.
CURRENT BALANCE IN EQUITY ACCOUNT(S)	117405.